



Town of Flower Mound, Texas

Tax Increment Reinvestment Zone #1 (TIRZ #1)

ANNUAL REPORT

2018

Town of Flower Mound, Texas
Tax Increment Reinvestment Zone #1

As of September 30, 2018

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YEAR END SUMMARY OF MEETINGS/TOWN COUNCIL/BOARD ACTIONS

During the period from October 1, 2017, through September 30, 2018, the Town of Flower Mound Tax Increment Reinvestment Zone #1 (TIRZ) Board of Directors met once. The meeting was held on December 4, 2017, to approve the minutes from the June 9, 2017 TIRZ board meeting and the 2017 Annual Report.

Prior to the regular items discussed at the December 4, 2017 meeting, Chairman Picardi noted that this was his final meeting. He added that Paul Stone would be coming on as the new chairman of the board in 2018, as determined by Town Council.

Town of Flower Mound Economic Development Director, Andrea Roy, provided a brief overview of the 2017 Annual Report of the Flower Mound Tax Increment Reinvestment Zone #1 (TIRZ #1), including information that had changed since the previous annual report.

Board members appointed and serving at the time of the December 4, 2017 meeting: Town—Albert Picardi, Bill Collins, Bryan Webb and County—Larry Lipscomb and Lori Fickling. Ex-Officio members are Mayor Tom Hayden and Town Manager Jimmy Stathatos.

During the period from October 1, 2017, through September 30, 2018, the Flower Mound Town Council took the following action:

- At a meeting on December 18, 2017, the Town Council approved the 2017 Annual Report for the Flower Mound Tax Increment Reinvestment Zone #1 (TIRZ) in accordance with Chapter 311 of the Texas Tax Code.

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PUBLIC INFRASTRUCTURE/BUILDING PROJECTS

2017-2018

River Walk Parking Structure

On October 20, 2014, a Chapter 380 Partnership Agreement was authorized by the Town of Flower Mound and RMI River Walk Investors, LP, which included the use of TIRZ funding for up to \$1 million for a public parking structure on the site of a nationally-branded hotel; later named a Courtyard by Marriott. Section 7 of the Agreement specifies that this financial assistance provided by the TIRZ may not exceed \$1 million and will be paid as a reimbursement for infrastructure costs following the issuance of a Certificate of Occupancy for the parking structure. A First Amendment to the Chapter 380 Agreement was approved by Town Council on May 4, 2015, placing additional requirements on the acceptance of these TIRZ funds, in exchange for an extension to the parking structure's building permit deadline. On September 18, 2017, the Town Council approved a Second Amendment to the Chapter 380 Agreement, extending the required completion date of the parking structure. Since approval of the Second Amendment, RMI River Walk Investors, LP, completed the parking structure, receiving a Building Final on March 23, 2018. To date, RMI River Walk Investors, LP has not submitted a Payment Request to the Town for the reimbursement.

Town Hall Project

The Town Hall project began with a feasibility study funded by the TIRZ board in 2012, with the Town Hall portion being completed in November 2014. On August 9, 2016, the TIRZ Board recommended the use of TIRZ funds to pay the annual debt service on the issuance of \$10,000,000 to partially fund a new Town Hall for the Town of Flower Mound. The estimated total cost of the project is \$15,000,000; \$10,000,000 from the TIRZ and \$5,000,000 from the Town. The project consists of an approximately 46,000 sq. ft. Town Hall and associated site improvements located at intersection of FM 1171 and Morriss Road, being the same location of the existing Town Hall. The new Town Hall was designed with enough space to consolidate staff currently operating from the existing Town Hall facility and rented space at the Atrium. Approximately 5,000 square-feet of space is provided for future expansion. The facility has been designed with an effort to maximize space and reduce wasted real estate that currently exists between the two main locations of Town operations; Town Hall and the Atrium. The new Town Hall will remove the lease payment obligation to the Town for the 19,000 square-feet of space leased at the Atrium at an amount of \$300,000 annually.

On August 15, 2016, Town Council approved the following: a revision to the Tax Increment Reinvestment Zone #1 Project Plan (providing for the revised budget for the new Town Hall), a resolution declaring

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expectation to reimburse expenditures with proceeds of future debt and authorizing the preparation of the documents associated with the issuance, sale, and delivery of the debt obligations (related to the new Town Hall funding), and a professional services agreement with Oxley Williams Tharp Architect for the new Town Hall design. A professional services agreement with Kleinfelder Central, Inc., to provide geotechnical professional engineering services, in the amount of \$14,990, was approved by Manager Communication on August 28, 2016. The Construction Manager at Risk (CMAR) contract with Steele Freeman was approved by Town Council on December 19, 2016. The groundbreaking ceremony for the new Town Hall was held on June 19, 2017 and has been actively under construction since then. Current Town Hall staff will move into the new Town Hall the first week of December 2018, with the ribbon cutting and first council meeting to be held on December 17, 2018. The remaining Town Staff currently housed at The Atrium will relocate to the new Town Hall in March 2019, at which time the project will be complete.

Town of Flower Mound Public Library Project

On June 19, 2017, the TIRZ Board recommended the use of TIRZ #1 Funds to pay the annual debt service on the issuance of \$10,900,000 for the Town of Flower Mound Public Library Renovation and Expansion Project. The project consists of a renovation of the existing 25,000 sq. ft. Library and an expansion of approximately 15,000 sq. ft., as well as associated site improvements. The expansion of the Library will create additional adult program rooms, quiet reading rooms, study rooms, additional collection space, a multi-purpose room, and more meeting spaces. On November 6, 2017, the Town Council approved a reimbursement resolution for an amount not to exceed \$10,900,000 to fund improvements in accordance with the FY 17-18 Capital Improvement Plan. On December 4, 2017, the Town Council then authorized the publication of notice to issue Certificates of Obligation, Series 2018, in the principal amount not to exceed \$10,900,000 to fund the project. This same evening, Town Council approved a professional services agreement for Library design services with Komatsu Architecture. Komatsu Architecture was the architect for the Library when originally built. Most recently, the Construction Manager at Risk (CMAR) contract with Steele-Freeman was approved by the Town Council on June 18, 2018. The project design is ongoing and 50% plan review/budget meetings were held early July 2018. Finish out selections are complete and 65% plans received. Construction award is planned for March 2019.

Street Projects

FM 1171 Eastbound Turn Lanes at FM 2499 Intersection

The project included the installation of FM 1171 eastbound turn lanes at the FM 1171/FM 2499 intersection, as well as related sidewalk and utility relocations. Town Council awarded the contract on July 17, 2017

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and work began soon thereafter. The project has been completed and the turn lane is operational, reducing traffic back up at this intersection.

FM 1171 Westbound Turn Lanes at FM 2499 Intersection

The project includes the installation of a FM 1171 westbound turn lane at the FM 1171/FM 2499 intersection, providing for approximately 410 feet of paving, hike/bike trails, utility relocations and traffic signal upgrades. The design contract in the amount of \$55,000 was awarded to Kimley-Horn and Associates, Inc. on October 3, 2016. Since that time, project design has been complete and right-of-way acquisition is ongoing. Buried utilities were located and several lines will need to be relocated. Coordination with TxDot is ongoing.

Waketon Road

The Waketon Road Phase I project limits are from FM 2499 to the western limits of the proposed Bradford Park Subdivision (approximately 1,450' east of Chinn Chapel Road). The project includes curb and gutter, enclosed drainage systems, and a water line realignment. On November 21, 2016, Town Council approved the professional services contract for design of the project. Later, on May 15, 2017, the Town Council approved a Development Agreement with CalAtlantic Homes, for construction of the improvements, providing reimbursement of the Town's share of the construction costs associated with the infrastructure improvements. Phase I of the project has been completed. The developer has not yet requested reimbursement from the Town.

The Waketon Road Phase II project includes approximately 1,650 linear feet of two-lane concrete roadway (urban collector) from Chinn Chapel Road to the western limits of the Bradford Parks Subdivision. The project includes curb and gutter, enclosed drainage systems, and a roundabout at Chinn Chapel. This phase is currently in design.

College Parkway/FM 2499 Traffic Signal

A professional services agreement with Kimley-Horn and Associates, Inc., to provide traffic signal design services, in the amount of \$28,000 (which included this and another intersection), was approved by Town Council on May 15, 2017. On January 18, 2018, Town Council awarded the contract for the signal installation, which included the new traffic signal, Americans with Disabilities Act improvements, and the installation of certain equipment supplied by the Town. Since that time, the signal has been installed and is operational. The intersection met traffic signal warrants and was also identified as needed to serve a new commercial and residential development.

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CAPITAL IMPROVEMENT PLAN BUDGET

Project	Estimated Cost
STREETS	
Dixon Lane (Chinn Chapel to Crestside)	\$2,685,267
Chinn Chapel (FM 407 to Dixon)	1,387,500
Chinn Chapel (Dixon to Waketon)	941,305
Waketon Road	5,270,000
Rippy Road (FM 2499 to Waketon)	2,115,000
Churchill (East end to Yucca)	400,000
FM 1171 at FM 2499 Westbound Right Turn Lane	998,000
FM 1171 at FM 2499 Eastbound Right Turn Lane	785,000
Subtotal	\$14,582,072
SIGNALS	
College Parkway at FM 2499	\$150,000
Subtotal	\$150,000
WATER	
FM 2499 west side from FM 1171 to Dixon	\$1,700,000
FM 407 from FM 2499 to Country Meadows Addition	438,039
Subtotal	\$2,138,039
FACILITIES	
Town Hall	\$10,000,000
Senior Citizen Activity Center	4,869,638
Library renovation/expansion	10,900,000
Subtotal	\$25,769,638
PARKS	
Timber Trails Park	\$400,000
Subtotal	\$400,000
Improvements in Forum (Riverwalk) Area	
Parking Structure	\$4,000,000
	1,000,000
Subtotal	\$5,000,000
Other Projects	
	\$429,566
Town Center Master Plan	50,685
Retail Developments Shared Drive (FM 407 & Chinn Chapel)	180,000
Subtotal	\$660,251
TOTAL	\$48,700,000

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BUDGET VS EXPENDITURES

Project	Current Budget	Expended Costs to Date	Remaining Balance
STREETS			
Dixon Lane (Chinn Chapel to Crestside)	\$2,685,267	\$2,685,267	\$0
Chinn Chapel (FM 407 to Dixon)	1,387,500	1,387,500	0
Chinn Chapel (Dixon to Waketon)	941,305	941,305	0
Waketon Road	5,270,000	428,750	4,841,250
Rippy Road (FM 2499 to Waketon)	2,115,000	0	2,115,000
Churchill (East end to Yucca)	400,000	0	400,000
FM 1171 at FM 2499 Westbound Right Turn Lane	998,000	54,085	943,915
FM 1171 at FM 2499 Eastbound Right Turn Lane	785,000	345,909	439,091
Subtotal	\$14,582,072	\$5,842,816	\$8,739,256
SIGNALS			
College Parkway at FM 2499	\$150,000	\$115,000	\$35,000
Subtotal	\$150,000	\$115,000	\$35,000
WATER			
FM 2499 west side from FM 1171 to Dixon	\$1,700,000	\$0	\$1,700,000
FM 407 from FM 2499 to Country Meadows Addition	438,039	438,039	0
Subtotal	\$2,138,039	\$438,039	\$1,700,000
WASTEWATER			
FM 2499 east side from Valley Creek Church to Dixon	\$0	\$0	\$0
FM 407 from FM 2499 to County Meadows Addition	0	0	0
Subtotal	\$0	\$0	\$0
FACILITIES			
Town Hall	\$10,000,000	\$980,000	\$9,020,000
Senior Citizen Activity Center	4,869,638	4,869,638	0
Library renovation/expansion	10,900,000	660,000	10,240,000
Subtotal	\$25,769,638	\$6,509,638	\$19,260,000
PARKS			
Timber Trails Park	\$400,000	\$0	\$400,000
Subtotal	\$400,000	\$0	\$400,000
Improvements in Forum (Riverwalk) area			
Parking Structure	\$4,000,000	\$0	\$4,000,000
Subtotal	\$5,000,000	\$0	\$5,000,000
Other Projects			
Town Center Master Plan	\$429,566	\$0	\$429,566
Retail Developments Shared Drive (FM 407 & Chinn Chapel)	50,685	50,685	0
Subtotal	\$660,251	\$230,685	\$429,566
TOTAL	\$48,700,000	\$13,136,178	\$35,563,822

Highlighted values indicate changes from 2017

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TIRZ FUND *

	CAPITAL PROJECTS	DEBT SERVICE	TOTAL
Beginning Balance:			
<i>October 1, 2017</i>	\$11,424,060	\$118,056	\$11,306,004
Revenues:			
Property Tax	\$4,790,944	\$0	\$4,790,944
Interest	<u>\$177,364</u>	\$0	<u>\$177,364</u>
TOTAL REVENUES	\$4,968,308	\$0	\$4,968,308
Expenditures:			
Land Purchases	\$236,358	\$0	\$236,358
Professional Services	\$0	\$0	\$0
Construction/Improvements	<u>\$491,049</u>	<u>\$2,056,471</u>	<u>\$2,547,520</u>
TOTAL EXPENDITURES	\$727,407	\$2,056,471	\$2,783,878
Ending Balance:			
<i>September 30, 2018 (unaudited)</i>	\$15,664,961	(\$2,174,527)	\$13,490,434

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Chapter 311.016 of V.C.T.A. requires the following information as part of the annual report on the status of the TIRZ District. Information is contained in detail on the attached financial statements.

1. Amount and source of revenue in the tax increment fund established for the zone:

\$4,968,308 Total Revenue

2. Amount and purpose of expenditures from the fund:

\$727,407 Total Expenditures

3. Amount of Principal and Interest due on outstanding indebtedness is as follows:

\$2,056,471 Total Principal and Interest

- I. Contributions /Advances from developers— none.
- II. Bonds issued and payment schedule to retire bonds—

2017COTIRZ: Town Hall	Fiscal Year	Principal	Interest	Total
	2019	1,000,000	236,425	1,236,425
	2020	1,020,000	216,425	1,236,425
	2021	1,045,000	196,025	1,241,025
	2022	1,065,000	175,125	1,240,125
	2023	1,085,000	153,825	1,238,825
	2024	1,110,000	126,700	1,236,700
	2025	1,145,000	93,400	1,238,400
	2026	<u>1,190,000</u>	<u>47,600</u>	<u>1,237,600</u>
		<u>\$ 8,660,000</u>	<u>\$ 1,245,525</u>	<u>\$ 9,905,525</u>

2018COTIRZ: Library	Fiscal Year	Principal	Interest	Total
	2019	1,140,000	261,850	1,401,850
	2020	1,160,000	239,050	1,399,050
	2021	1,185,000	215,850	1,400,850
	2022	1,210,000	192,150	1,402,150
	2023	1,230,000	167,950	1,397,950
	2024	1,270,000	131,050	1,401,050
	2025	1,305,000	92,950	1,397,950
	2026	<u>1,345,000</u>	<u>53,800</u>	<u>1,398,800</u>
		<u>\$ 9,845,000</u>	<u>\$ 1,354,650</u>	<u>\$ 11,199,650</u>

4. Tax Increment base and current captured appraised value retained by the zone:

Taxing Jurisdiction	Net Taxable Fiscal Year Value 2017 - 2018	Base Year* Value Jan 1, 2005	Captured App. Value Fiscal Year 2017 - 2018
Town of Flower Mound	\$962,816,120	\$228,290,889	\$734,525,231
Denton County	\$1,004,278,811	\$229,382,705	\$774,896,106

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5. Captured appraised value by the municipality and other taxing units, the total amount of the tax increment received, and any additional information necessary to demonstrate compliance with the tax increment financing plan adopted by the governing body of the municipality.

A. Captured appraised value shared by the municipality and other participating taxing jurisdictions received in Fiscal Year 2017-2018:

Taxing Jurisdiction	Participation Per \$100/Value	Amount of 2017-2018 Increment
Town of Flower Mound (100%)	\$0.439000	\$3,224,565.76
Denton County (85%)	\$0.202140	\$1,566,376.54
Total	\$0.641140	\$4,790,942

B. Amount of tax increment received in 2018 from the municipality and the other taxing jurisdictions based on 2017 valuations: \$4,790,942.

C. Other information: None

* Base Year Value as of January 1, 2005 is for Fiscal Year 2005-2006.